MANAGEMENT AND LEADERSHIP (2.1)

(Chapter 10 - AS level 2.1)

Management is the process of dealing with or controlling things or people. **Managers are responsible for setting objectives, organising resources and motivating staff so that the organisation's aims are met**.

Roles of management

- **Setting objectives and planning** - this will give its employees a clear sense of purpose and direction
- **Organising resources to meet the objectives -** the number of people required, the finance needed etc.
- **Directing and motivating staff** - managers need to guide, lead and supervise their employees in the tasks they do and make sure they are keeping to their deadlines and achieving targets
- **Coordinating activities** - managers should ensure that each department is coordinating with one another to achieve the organisation's aims. This will involve effective communication between departments and managers
- **Controlling and measuring performance against targets** - managers must try to assess and evaluate the performance of each of their employees through *delegating tasks*. If some employees fail to achieve their target, the manager must see why it has occurred and what he can do to correct it - maybe some training will be required or better equipment

Delegation

Delegation is giving a subordinate the authority to perform some tasks. There are benefits to delegating work to employees, but managers may be reluctant to delegate as they may lose their control over the work. Or if the employee does a poor job, it can reflect badly on the manager.

Benefits of delegation :

- Managers cannot do all the work themselves, so it helps **reduce their workload** and stress and allows them to direct their focus elsewhere
- Managers can **measure the efficiency and effectiveness** of their subordinates' work depending on how well they do
- Employees work will become more interesting - **increased job satisfaction**
- Employees feel more important and trusted – **increasing loyalty** to firm
- Employees can have this act as a **method of training** and opportunities for promotions, if they do a good job

Mintzberg’s roles of management

To carry out the functions of management, managers have to take on many different roles. Henry Mintzberg identified 10 roles common to the work of all managers. These 10 roles are divided into 3 groups : **Interpersonal**, **informational** and **decisional**.

Interpersonal roles : dealing with and motivating staff

1. **Figurehead** - is the symbolic leader of the organisation that hosts receptions and makes important presentations and is most associated with the business
2. **Leader** - is the motivator, selector and manager of workers. Undertake any management tasks involving employees
3. **Liaison** - a person or entity that helps to facilitate communication between two parties, they help organise communication between the business and other organisations. Also communication between the different levels within the business

Informational roles : the source, receiver and transmitter of information

4. **Monitor** - the collector of data relevant to the business’s operations, does research and attends business conferences to learn about the industry
5. **Disseminator** - sends information collected to the relevant people within the organisation by communicating with staff
6. **Spokesperson** - communicates to the stakeholders outside of the business, like appearing on the news and tv programs

Decisional roles : making decisions and organising resources to meet objectives

7. **Entrepreneur** - looks for new ideas and opportunities to develop the business, like encouraging employees to come up with ideas during meetings
8. **Disturbance handler** - Responds to change, like developing strategies to deal with new competition or a recession
9. **Resource allocator** - decides what to spend business finance on and where to allocate its physical resources, like whether or not to approve budgets for the business and who should work where and why
10. **Negotiator** - Represents the business organisation when meeting with government officials to influence policy that affects the business

Leadership

Leadership is the art of motivating a group of people towards a common objective. Leadership is a key part of being a successful manager. It involves setting a clear direction and vision for an organisation that others will be prepared to follow.

Important leadership roles in business

- **Directors** - These are senior managers elected into office by the shareholders in a limited company. They are usually the head of a major department, and are responsible for delegating, the recruiting of staff and meeting business objectives
- **Managers and supervisors** - These are people appointed to be responsible for setting objectives, organising resources and motivating staff so that business aims are met
- **Worker's representatives -** are people elected by workers to represent the workforce when discussing areas of concern with managers

Qualities of a good leader

Employees will work better under a good leader and will respond positively to them. A poor leader will often fail to win over staff and will have problems communicating with and organising workers effectively, this can lead to business failure.

Successful leaders will often have some of the following personal qualities :

- Have the **desire to succeed** and are **self-confident**
- Are **creative and forward thinkers**, that motivate others to be creative as well
- Are **multi talented** - so they are able to tackle a wide range of tasks within a business
- They have an **incisive mind**, meaning they are intelligently analytical and clear-thinking
- **Not afraid to delegate**

Leadership styles

Leadership styles refer to the different approaches used when dealing with people when in a position of authority, the way in which managers make decisions and

communicate with their staff. There are mainly three styles you need to learn: the **autocratic**, **democratic** and **laissez-faire** styles of leadership.

Autocratic leadership

A style of leadership that keeps all decision making at the centre of the organisation. The managers expect to be in charge of the business and have their orders followed. They do all the decision-making, not involving employees at all. Communication is thus, mainly one way- from top to bottom. Workers are only given a limited amount of info.

Benefits of autocratic leadership :

✔ allows for **faster decision making**
✔ there is a **clear *chain of command***
✔ **higher level of secrecy**
✔ works well with **less competent workers** who just need to follow orders

Drawbacks of autocratic leadership :

✖ can be **demotivating** to staff who may want to contribute and accept responsibility, and a demotivated workforce will not work as effectively
✖ decisions do not benefit from staff input, can be '**out of touch**'
✖ workers may become solely dependent on leaders and be **unable to make own decisions**

Autocratic leadership is appropriate for :

- Times of crisis - where decision making needs to be as quick as possible in order to reduce damages as quick as possible
- Defence forces and police - where immediate responses are required (also factories)

Democratic leadership

A leadership style that promotes the active participation of workers in taking decisions.

Managers encourage employees to be involved in the decision-making and communication is two-way from top to bottom as well as bottom to top. Information about future plans is openly communicated and discussed with employees and a final decision is made by the manager.

Benefits of democratic leadership :

✔ **Workers feel valued** as their input is taken into consideration - added job satisfaction and commitment
✔ **Less absences**, satisfied workers are more likely to meet deadlines and work overtime, and are less likely to miss work

✔ Open discussion encourages **creativity and innovation**, and allows for a more well rounded decision to be made

Drawbacks of democratic leadership :
✖ Can be time-consuming - having to discuss decisions with employees
✖ Some issues might be too sensitive (e.g. job losses) or too secret (e.g. development of new products)
✖ Some employees are less able to perform under democratic leadership because they don't like making decisions, so not suitable for every employee

Democratic leadership is appropriate for :

- an experienced and flexible workforce that wants to be involved in decision making
- situations that demand a new solution, where staff input can be very useful

Laissez-faire leadership

A leadership style that leaves much of the business decision-making to the workforce – a 'hands-off ' approach and the reverse of the autocratic style. It literally means 'let them do it.' There will be very little input from management.

The laissez-faire style majorly depends on its employees' abilities - it fails to be effective if the team lacks knowledge or has less experience. This can result in poor job performance and decreased job satisfaction

Benefits of laissez-faire leadership :
✔ employees can be embrace personal growth and stay **highly motivated** - a highly motivated workforce is an effective workforce
✔ It facilitates **learning and development** opportunities, employees will gain on-job experience faster
✔ **faster decision-making** because there is no micromanagement. Employees can make decisions and address problems without approval.
✔ workers feel highly valued - so **increased loyalty** to business = low labour turnover

Disadvantages of laissez-faire leadership :
✖ the **lack of feedback** – as managers will not be closely monitoring progress
✖ since the team receives very little guidance, they might get **confused** about the job
✖ **Incompetent workers** will make incompetent decisions that negatively affect the business

Laissez-faire leadership is appropriate for :

- When managers are too busy (or too lazy) to intervene
- Works best for a highly skilled team who is expert enough to work independently

Factors that influence leadership styles

- **Training and experience of workforce** - a more experienced and competent workforce will work well under a democratic or laissez-faire leadership style run business. A lesser trained workforce made up of employees who aren't interested in being apart of decision making will work better under a autocratic leadership

- **Amount of time available for decision making** - Autocratic leadership allows for quick decision making, democratic leadership does not

- **Attitude of workers/managers** - busy/lazy managers gravitate towards laissez-faire, managers who like being in control will want autocratic leadership, a highly skilled workforce that wants to be involved in decision making will want democratic or Laissez-faire

Informal leadership

An informal leader is a person who has no formal authority but has the respect of colleagues and some power over them. These informal leaders are people who have the ability to lead without formal power, perhaps because of their experiences, personality or special knowledge. Perhaps a worker with seniority, or a former manager who visits from time to time.

Mcgregor’s leadership styles

McGregor developed two theories of human behaviour at work **: Theory X** and **Theory Y.**

He did not imply that workers would be one type or the other. Rather, he saw the two theories as two extremes - with a whole spectrum of possible behaviours in between.

Theory X workers could be described as follows:

- Individuals who dislike work and avoid it where possible
- Individuals who lack ambition, dislike responsibility and prefer to be led
- Individuals who desire security

The management implications for Theory X workers were that, to achieve organisational objectives, a business would need to impose a management system of **coercion**, **control** and **punishment**.

Theory Y workers were characterised by McGregor as:

- Consider effort at work as just like rest or play
- Ordinary people who do not dislike work. Depending on the working conditions, work could be considered a source of satisfaction or punishment
- Individuals who seek responsibility (if they are motivated)

The management implications for Theory X workers are that, to achieve organisational objectives, rewards of varying kinds are likely to be the most popular motivator. The challenge for management with Theory Y workers is to create a **working environment** (or culture) where workers can show and develop their **creativity**.

Goleman and emotional intelligence

Daniel Goleman has suggested that effective leadership does not only depend on the mental intelligence, determination and confidence of the leader - but also whether they possess emotional intelligence.

Emotional intelligence (EI) is the ability of managers to understand their own emotions, and those of the people they work with, to achieve better business performance. Emotional intelligence is measured using personality tests which produce an emotional quotient (EQ).

Someone who possesses emotional intelligence will have the following qualities :

- **Self-awareness** − knowing what we feel is important and using that to guide decision-making. Having a realistic view of our own abilities and having self-confidence in our abilities
- **Self-management** − being able to recover quickly from stress, being trustworthy and conscientious, showing initiative and self-control
- **Social awareness** − sensing what others are feeling, being able to take their views into account and being able to get on with a wide range of people
- **Social skills** − handling emotions in relationships well and accurately understanding different social situations; using social skills to persuade, negotiate and lead.

A manager that lacks emotional intelligence may :

- Attempt projects beyond their abilities due to overestimating themselves
- Fail to take the views of others into account when taking decisions
- Perform poorly in social situations, finding it tricky to talk and negotiate with others, this may make them come across as unlikable and difficult to work with
- May come across as difficult to approach